

## Message Text

UNCLASSIFIED

PAGE 01 ROME 07045 021436Z

ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 EB-07 L-03 H-02 CIAE-00

INR-07 NSAE-00 OMB-01 /033 W

-----021445Z 094179 /40

R 021212Z MAY 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 4306

UNCLAS ROME 7045

E.O. 11652: N/A

TAGS: EFIN

SUBJ: REPORT TO CONGRESS ON SIGNIFICANT U.S. GOVERNMENT CLAIMS  
AGAINST FOREIGN GOVERNMENTS

REF: STATE 083837

WITH THE FOLLOWING EXCEPTION, THE MISSION IS UNAWARE OF ANY  
CLAIMS WITHIN THE PARAMETERS OF REFTEL.

1. FOREIGN GOVERNMENT AGAINST WHICH U.S. GOVERNMENT CLAIM  
HAS ARISEN: GOVERNMENT OF ITALY.

2. DATE OF CLAIM: FEBRUARY 7, 1974.

3. AMOUNT OF CLAIM: \$7,225,968 PLUS INTEREST.

4. BRIEF DESCRIPTION OF NATURE OF CLAIM: UNDER INSTRUCTIONS  
FROM THE DEPARTMENT, THE CLAIM WAS SUBMITTED BY THE EMBASSY,  
ROME, TO THE MINISTRY OF FOREIGN AFFAIRS UNDER A NOTE VERBALE  
CONTAINING A DOCUMENTED CLAIM OF THE U.S. GOVERNMENT ON BEHALF  
OF RAYTHEON CO. AND MACHLETT LABORATORIES, INC. THE CLAIM  
REPRESENTS THE AMOUNT OF LOSSES SUSTAINED BY THE RAYTHEON CO.  
AND MACHLETT LABORATORIES AS A RESULT OF THE REQUISITION BY THE  
MAYOR OF PALERMO IN APRIL, 1968, OF THE PLANT AND ALL THE  
EQUIPMENT OF ELSI S.P.A., A WHOLLY OWNED SUBSIDIARY OF THESE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ROME 07045 021436Z

AMERICAN COMPANIES. THE REQUISITION, WHICH WAS LATER HELD TO  
BE ILLEGAL BY BOTH THE PREFECT OF PALERMO AND THE PREWIDENCY  
OF THE REPUBLIC OF ITALY, FORCED THE COMPANY TO FILE A PETITION  
OF BANKRUPTCY ON APRIL 26, 1968. THE AMOUNT OF THE COMPENSATION  
CLAIMED IS BASED UPON THE DIFFERENCE BETWEEN THE MONETARY  
POSITION IN HIGH RAYTHEON CO. AND MACHLETT LABORATORIES WOULD  
HAVE BEEN HAD THEY BEEN ALLOWED TO PROCEED WITH AN ORDERLY

LIQUIDATION OF ELSI, AS COMPARED TO THE MONETARY POSITION THEY FACED AT THE TIME OF THE FILING OF THE CLAIM. THE PERIOD FROM APRIL 1968 TO APRIL 1972, WAS TAKEN UP BY LITIGATIONS BETWEEN RAYTHEON-ELSI AND ITALIAN AUTHORTIES; FROM APIRL 1972 -- FEB. 1974 BY ATTEMPTS THROUGH DIPLOMATIC CHANNELS TO SEEK A NEGOTIATED SETTLEMENT, AND FINALLY, THE DECISION BY THE U.S. GOVERNEMTN TO ESPOUSE THE CLAIM FOR DAMAGES, WHICH WAS FINALLY LODGED ON FEB. 7, 1974.

5. BRIEF DESCIRPTION OF U.S. GOVERNMENT ACTIONS TO RESOLVE THE CLAIM:

FOLLOWING THE LODGING OF THE CLAIM, THE EMBASSY HAS MADE REPEATED REQUESTS AT VARIOUS LEVELS FOR A RESPONSE TO THE CLAIM. THESE ACTIONS HAVE INCLUDED REQUESTS FROM THE COMMERCIAL COUNSELOR, THE ECONOMIC MINISTER-COUNSELLOR, THE DEPUTY CHIEF OF MISSION AND THE AMBASSADOR FOR A RESPONSE TO OUR NOTE VERBALE OF FEB., 1974. THE MOST RECENT TOP-LEVEL REQUEST WAS MADE BY AMBASSADOR VOLPE, WHO TOOK THE MATTER UP IN EARLY NOV. 1976, WITH FOREIGN MINISTER FORLANI. THIS DEMARCHE HAS BEEN FOLLOWED UP REPEATEDLY THIS SPRING WITH THE DIRECTORATE FOR ECONOMIC AFFAIRS IN THE MINISTRY OF FOREIGN AFFAIRS THE FOREIGN MINISTRY CONTINUES TO STATE THAT THEY ARE REVIEWING THE CASE, AND PROMISE TO MAKE AN OFFICIAL RESPONSE, BUT UP TO NOW, NO FORMAL RESPONSE HAS BEEN FORTHCOMING. FROM ALL PREVIOUS DISCUSSIONS OF THIS CASE IT CAN BE EXPECTED THAT WHEN THE ITALIANS FINALLY TAKE A FORMAL POSITION, THEY WILL DISPUTE THE VALIDITY OF THE CLAIM. MR. KIWIATEK, STATE, L/C HAS THE ENTIRE HISTORY OF THE CASE.GARDNER

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CLAIMS, REPORTS, US CONGRESSIONAL PRESENTATIONS, CENTRAL GOVERNMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 02-May-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977ROME07045  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770153-0372  
**Format:** TEL  
**From:** ROME  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t197705103/aaaadsl.tel  
**Line Count:** 88  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** fb38e287-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION TRSE  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 83837  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 14-Oct-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2330666  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REPORT TO CONGRESS ON SIGNIFICANT U.S. GOVERNMENT CLAIMS AGAINST FOREIGN GOVERNMENTS  
**TAGS:** EFIN  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/fb38e287-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009